

Message Text

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42

ACTION EB-11

INFO OCT-01 NEA-11 ISO-00 COME-00 FEA-02 TRSE-00 CIAE-00

DODE-00 FMC-04 INR-10 NSAE-00 RSC-01 CG-00 COA-02

DLOS-06 L-03 SCI-06 EA-11 /068 W

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R 200707Z FEB 74

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 5472

LIMITED OFFICIAL USE TEHRAN 1377

E.O. 11652: NA

TAGS: ETRN, ENRG

SUBJ: SHIPPING - PRICE OF BUNKER FUEL

REF: STATE 017047

1. SUMMARY: AS FAR AS WE CAN LEARN, THERE HAS AS YET BEEN NO BUNKERING HERE AT DISCRIMINATORY PRICES. LEGAL PROVISIONS ON BUNKERING IN NEW CONSORTIUM/NIOC AGREEMENT ARE SUCH, HOWEVER, THAT EVEN IF SPECIAL PRICE IS GRANTED TO IRANIAN FLAG VESSELS, WE WOULD RECOMMEND AGAINST CONSIDERING SUCH ARRANGEMENTS DISCRIMINATORY. END SUMMARY.

2. WATERMAN STEAMSHIP AGENTS IN TEHRAN FORWARDED TO THEIR PRINCIPALS TEXT OF ARTICLE IN JAN. 13 TEHRAN JOURNAL, AS FOLLOWS: "IRAN HAS DOUBLED PRICE OF BUNKER OIL FOR SHIPS IN KEEPING WITH INTERNATIONAL PRICE... WHICH HAS INCREASED 100 PERCENT... HOWEVER, WITH VIEW TO PREVENTING HIKES IN FREIGHT CHARGES FOR SEA CARGO CARRIED BY NATIONAL ARYA SHIPPING LINES, IT WAS STATED, THE NIOC WILL BE SUPPLYING THE HOME MERCANTILE MARINE SHIPS AT SPECIAL DISCOUNT RATES." WATERMAN AGENTS EMPHASIZE THAT AS FAR AS THEY CAN DISCOVER, NO RPT NO IRANIAN FLAG LINE IS PRESENTLY RECEIVING DISCOUNTS.

3. NIOC OFFICIAL ACKNOWLEDGED THAT NIOC IS NEGOTIATING A
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BUNKERING AGREEMENT WITH ARYA, BUT SAYS NO DISCOUNTS HAVE

BEEN GIVEN OR AGREED ON SO FAR. OFFICIAL CLAIMED THAT BP IS PRESENTLY BUNDERING ARYA VESSELS, WHICH IS CURIOUS IN VIEW OF BUNKERING ARRANGEMENTS UNDER THE NEW CONSORTIUM/NIOC SALES-PURCHASE AGREEMENT. LATTER PROVIDES THAT CONSORTIUM MEMBER TRADING COMPANIES BUNKER ALL VESSELS OWNED OR CHARTERED OR UNDER BUNKERING CONTRACT TO THEIR AFFILIATES AND THAT NIOC SUPPLY ALL OTHERS. NIOC-SUPPLIED BUNDERS ARE TREATED AS INTERNAL CONSUMPTION UNLESS SUPPLIED TO SHIPS (A) INVOLVED IN INTERNATIONAL TRADE AND (B) NOT OF IRANIAN FLAG. IN LATTER CASE BUNKERS ARE TREATED AS MANUFACTURED FROM NIOC CRUDE EXPORT ENTITLEMENT..6

4. CONSIDERING THAT (A) TRADING COMPANY BUNKERING PRICES

ARE LOWER THAN THOSE OF NIOC (WHICH PRESUMABLY IS THE REASON ARYA HAS BUNKERING CONTRACT WITH BP); (B) THERE WOULD APPEAR TO BE NO REASON THAT AMERICAN SHIPPERS COULD NOT SIGN BUNKERING CONTRACTS WITH CONSORTIUM MEMBERS AT THEIR LOWER PRICES; (C) BUNKERS SUPPLIED BY NIOC TO ARYA WOULD BE CONSIDERED INTERNAL CONSUMPTION, WHEREAS BUNKERS SUPPLIED TO US FLAG VESSELS WOULD BE CONSIDERED EXPORTS; AND (D) TO QUARREL WITH THE GOI ABOUT ITS RIGHT TO SUBSIDIZE ITS OWN SHIPPING LINE WOULD BE RATHER FRUITLESS, WE WOULD RECOMMEND AGAINST PURSUING THIS MATTER. IN ANY CASE WE DOUBT NIOC RATES FOR ARYA WOULD BE SET BELOW TRADIHP COMPANY RATES. CONSORTIUM REP TELLS US NIOC BUNKERING RATES ARE PRESENTLY SO HIGH THAT MOST SHIPPERS ARE TRYING TO AVOID NIOC BUNKERS. AS A RESULT, ABADAN BUNKERS STORAGE FACILITIES ARE SO FULL THAT THERE IS SOME DANGER OF A FORCED SLOW-DOWN OF ABADAN REFINERY THROUGHOUT.
HELMS

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